

ALABAMA SECURITIES COMMISSION (ASC)

770 WASHINGTON AVE, SUITE 570

MONTGOMERY, ALABAMA 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253. Fax: (334) 242-0240

Email: asc@asc.state.al.us Website: www.asc.state.al.us

Red Flag Phrases for Investment Fraud

- “Guaranteed to double your money”
- “Low risk for high returns!”
- “This is an off-shore investment opportunity.”
- “It takes advantage of a little-known loop hole in tax laws.”
- “Keep this investment secret - we don’t want to let everyone in!”
- “To get the most from this investment opportunity, you can borrow money or take out a mortgage and be set for life!”
- “I’m calling from outside Alabama with an investment opportunity”

Questions to Ask Yourself

- Did I initiate this meeting?
- Is this person recommended by someone I trust?
- Has this person had a long-term relationship with someone I trust?
- Is this person registered to sell securities in my state?
- Have I been provided with written information on the investment?
- Have I been encouraged to borrow in order to invest?

- Do I understand that higher returns equal higher risk?
- Why is this supposed to be secret?
- Have I verified this information with a trusted source such as the ASC?

Prevention Tips

- Check the registration of the seller and the product offered by contacting the ASC.
- Check to see if any enforcement action has been taken against the person offering the investment opportunity.
- Check with someone you know and trust before investing any money.
- Get written information (but be aware that professional looking information could be produced by the con artist).
- Know how much risk you are willing to take with your investments. Understand how much risk you should be taking given your age, family circumstances and other factors.
- Never accept a verbal contract.
- Never sign anything before reading it carefully and understanding it.
- Ask lots of questions.
- Take your time; don't allow anyone to rush your decision-making process.
- If you are suspicious, contact the ASC.

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